

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

BRIAN SCHWEITZER
GOVERNOR



PO Box 200802
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November 11, 2008

Clayton Schenck
Legislative Fiscal Analyst
Room 110, State Capitol
Helena, MT 59620

Dear Clayton,

On October 14, 2008, your office sent a letter from Senator Schmidt to department directors requesting information on history, indicators, and potential actions related to a potential economic downturn. This response is submitted on behalf of the Schweitzer Administration for all cabinet agencies.

The Schweitzer Administration budget, which will be completed on November 15 in accordance with state law, will reflect a sustainable balance of revenues and expenditures even in light of the nation's precarious economic position. While Montana is currently experiencing less impact than many other states, Montana's revenues are flattening and the Schweitzer budget will reflect this reality.

In addition to providing a balanced budget, the Governor will propose the highest fund balance in state history. The Schweitzer Administration has always supported fund balances that reflect prudent fiscal management. During these turbulent times, it is necessary to raise the level of fund balance significantly higher than a normal budget cycle. Once the nation's economy recovers, it is reasonable and prudent to consider lowering this level, **but not before**.

Montana code already requires most state agencies to prepare a plan as part of the budget development process to reduce general fund and certain state special revenues by 5 percent. These plans will be available November 15th for consideration.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, reading "David Ewer".

David Ewer
Budget Director